



# Department of Justice

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## **JUSTICE DEPARTMENT APPROVES CREATION OF JOINT SALES AND PURCHASING VENTURE BY REGIONAL STEEL DRUM MANUFACTURERS**

WASHINGTON, DC -- The Department of Justice today approved the proposed creation and operation of a joint sales and purchasing venture by five regional manufacturers of steel drums.

The Department's Antitrust Division said the proposed sales and purchasing activities of the joint venture likely would not have anticompetitive effects given that none of the members have a plant within 300 miles of one another; the bulk of each member's sales are within 200 miles of its plant; the members generally face substantial local competition from rivals who will not be part of the joint venture; and that each member will continue to compete independently for sales in its region. The Department's position was stated in a business review letter issued by Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division.

The five members who will participate in the proposed joint venture include: CP Louisiana Inc. (New Orleans, LA), Nesco Containers Corporation (Fenton, MO), North Coast Container Corp. (Cleveland, OH), General Steel Drum Corp. (Charlotte, NC), and Trilla Steel Drum Company (Chicago, IL). Each of the five members of the joint venture manufactures steel drums at a single plant.

According to their proposal, the applicants state that they can only compete effectively within a limited geographic radius of their single plants. The companies believe they are at a significant competitive disadvantage in comparison to their larger multi-plant rivals in selling to national and multi-regional customers who desire to purchase their steel drums from a single supplier.

To date, members of the proposed joint venture have been unsuccessful in landing a national contract. As a group, they plan to jointly bid for such contracts. Discussion or exchange of pricing information concerning national or multi-regional customers would be limited to information necessary to prepare bids on these contracts, and the Department believes this should not have any adverse competitive effect in the market for such customers or diminish regional price rivalry.

Under the proposal, the agreement would also allow the members to jointly purchase steel and other products that are needed to manufacture steel drums.

Under the Department's business review procedure, a person or organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the activity as a violation of federal antitrust laws.

A file containing the business review request and the Department's response may be examined in the Antitrust Documents Group, Suite 215, Liberty Place, 325 7<sup>th</sup> Street, N.W., Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file.

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